RECREATION & SPORT

LEISURE INDUSTRIES IN BRITISH COLUMBIA

BC Recreation and Sport

Hon. James Chabot
Minister Responsible

85-1053/

Canadian Cataloguing in Publication Data
Smith, Ken, 1942-
Leisure industries in British Columbia

Cover title.
At head of title: Recreation & Sport.
Prepared as background material for the 1984 Inter-provincial Ministers' of Recreation and Sport Conference by Ken Smith with assistance from Bob Yates and Jim Lee. Cf. Acknowledgement.
ISBN 0-7726-0163-1

1. Leisure - Economic aspects - British Columbia. I. Yates, Bob, 1949- . II. Lee, Jim, 1950- . III. British Columbia. Recreation and Sport Branch. IV. Title.

GV56.B7S65 1984 338.4'7790'09711 C84-092252-3

ACKNOWLEDGEMENT

This paper was prepared as background material for the 1984 Inter-Provincial Ministers' of Recreation and Sport Conference. The Recreation and Sport Branch acknowledges the contribution of

Ken Smith,
Ministry of Industry and Small Business Development

with assistance from

Bob Yates
Ministry of the Provincial Secretary and Government Services
and
Jim Lee
Ministry of the Provincial Secretary and Government Services

The views expressed represent those of the author, and do not represent the policies of the government of British Columbia

THE LEISURE INDUSTRIES IN BRITISH COLUMBIA

Recent increases in disposable income and available leisure time and the social trends of personal growth, self-fulfillment, fitness and increased participation have greatly expanded the demand for leisure goods and services. This expansion has been met by growth in those sectors of our economy which provide these goods and services and which collectively can be described as the leisure industry.[1] This growth has continued despite the recessionary pressures of the last two years and will likely continue through the next 20 years. We are likely also to see continuing under and unemployment, increasing social affluence and increasing technology which will contribute to growth in this sector.

Linkages exist between the leisure industry and other sectors of our economy including manufacturing, processing, transportation and construction.

Linkages also exist between leisure and the provision of health, education and other social services. These linkages complicate the identification of the leisure sector, especially in quantitative terms.

The purpose of this paper is to outline the actions that have been taken so far by the Province of British Columbia to assess the magnitude of the leisure industries, and to develop strategies to assist those industries to expand.

Note 1. See Appendix A for definitions.

STRATEGY DEVELOPMENT

In order to maximize the returns that will accrue from growth in the leisure industry, the province must establish a strategy that will ensure that:

* the products of the leisure industry will be such that consumers are satisfied with their consumption and will return to use or purchase the goods and services again;

* the environmental resources used for the provision of services are not depleted so as to impact negatively upon future service provision.

* the achievement of economic goals within the industry are consistent with global provincial economic objectives and are attainable with sound planning.

At their 1983 meeting the Ministers of Recreation and Sport requested that British Columbia chair a Committee of Alberta & Northwest Territories to review the economic impact of recreation and sport and to identify areas where economic recovery could be stimulated. One of the areas identified was the Leisure Industries.

The Provincial Secretary and Minister of Government Services requested his colleagues in the Ministries of Health, Education, Labour, Industry & Small Business Development, Tourism, and Lands, Parks & Housing, to appoint a representative to an Inter-Ministry committee to review the area. The committee identified 3 areas where recovery could be stimulated.

In the area of leisure industries, it was agreed that:

a) a review would be conducted of available statistical sources to identify the magnitude of the sector.

b) a series of 'exploration sessions' would be held with entrepreneurs in the sector to obtain their advice on how the sector could be expanded.

This report lays out the results of these investigations.

MAGNITUDE OF THE LEISURE INDUSTRIES

The magnitude of the leisure industries in British Columbia can be assessed in a number of different ways:

A. CONSUMER EXPENDITURES IN PURSUIT OF LEISURE

Estimates made by Statistics Canada of family expenditures for leisure associated activities indicate that British Columbia families spend an average of $3,276.70 per family or 16.6% of total family expenditures of $19,700.40 (1983 data). These expenditures are greater than those for either food or shelter.

Using 1981 Census Data on the number of families in British Columbia, this amounts to $2875m being spent on leisure goods and services in British Columbia.
These consumer expenditures can be broken down as follows:

TABLE 1
CONSUMER EXPENDITURES BY CATEGORY IN B.C.

Category	Estimated Total Expenditures ($ m 1981)
Recreation equipment & Clothing	882.7
Tourism and transportation	1165.2
Fees and admissions	132.3
Other leisure products and services	694.8
	2875.0

See Appendix A, Table 1 for more details.
Source: Statistics Canada

B. LEISURE INDUSTRIES - MANUFACTURING AND RETAIL SALES

Table 2 presents data describing several categories of the manufacturing component of the leisure industry.

TABLE 2

1979

THE MANUFACTURING COMPONENT OF THE LEISURE INDUSTRY IN B.C.

Category	No. of Firms	No. of Employ.	Salaries and Wages ($000)	Other Costs	Value of Products ($000)
Alcoholic Beverage Industry (1092, 1093, & 1094)	15	1,874	40,627	78,145	184,387
Publishing/Printing Industry (288-289)	164	5,087	73,053	53,724	165,662
Sporting Goods/Toy Mfg. Ind. (393)	19	146	1,726	2,493	4,958
Non-Commercial Trainler Mfg. (3242)	29	1,336	20,362	75,625	110,591
Boatbuilding and Repair (328)	99	912	14,707	24,429	47,023
	326	9,355	150,475	234,416	521,621

Notes: Statistics Canada

Some 326 British Columbian firms manufactured products valued at $521m in 1979. This figure is an under-representation of the value of goods produced since Statistics Canada classifications do not allow for closer examination of some categories such as clothing manufacturing which can include a leisure product. An estimate which includes these other classification suggests that approximately $700m (1981) worth of leisure goods were manufactured in British Columbia.

The sale of leisure goods at the retail level totalled $2.56m (Table 3) in 1981.

TABLE 3

RETAIL TRADE

Type of Business	Number of Employees Full Time	Number of Employees Part Time	Value of Receipts
Television, Radio & HI-Fi Stores	1011	334	$154,194,210
Liquor, Wine & Beer Stores	1072	1283	792,157,500
Sporting Goods Stores	1494	1266	227,649,540
Mobile Home & Trailer Dealers	1307	187	331,057,050
Art Galleries & Artist Supply Stores	311	125	368,475,520
	10,512	7,811	2,564,718,600

See Appendix A, Table 2 for more details

Source: Statistics Canada

C. LEISURE INDUSTRIES - SERVICES

The purchase of leisure services in British Columbia totalled an estimated $3,138m in 1981. Thus the total value of goods and services purchased in British Columbia is estimated at $5,690m (1981) which contrasts with estimated resident expenditures of $3,730m.

TABLE 4

SERVICES

Type of Business	Number of Employees Full Time	Number of Employees Part Time	Value of Receipts
Full Year Hotels	19,248	8,328	893,932,130
Restaurant & Lounges Licensed	21,732	17,868	1,080,989,300
Restaurants, Non-licensed	9,694	9,441	508,545,970
	59,157	45,482	3,138,772,100

See Appendix A, Table 3 for more details

Source: Statistics Canada

SUMMARY

The Leisure Industries are a major element of economic activity in British Columbia. The expenditures by residents and visitors on goods and services exceed $6,000m and the industries employ 79,000 full time and 53,000 part-time employees.

The manufacture of leisure goods is particularly small in relation to the sale of goods in British Columbia, representing a marked inflow of manufactured goods from outside the province.

LEISURE INDUSTRY CONCERNS

Given these facts, a series of meetings were held with representatives from various components of the leisure industryies.

Although participants initially tended to focus on their own particular area of interest, the sessions ultimately engendered a broader view of the sector. The search for areas of common interest, in what is a large and diversified sector of the economy, tended to lead to the postulation of broadbased recommendations. These included recognition of the need for improved communication, cooperation, and liaison.

Participants expressed an appreciation of direct government interest in the sector. In particular, a need was propounded for increased communication between government and the private sector in the leisure industry -- the model for this being the successful relationship between government and non-profit, community recreation and sports associations.

The sessions showed that there is a need within the private sector itself for better communication and liaison between its non-competitive and complementary elements, and also -- particularly in questions of external marketing -- between its competitive businesses. This latter point has considerable ramifications for the marketing of goods and products outside British Columbia.

Major linkages were confirmed between the leisure industry and tourism, and the leisure industry and health care, with a potentially important economic impact in both areas. The economic impact of major sports events of a national and international calibre was reinforced.

The development of quality standards and the pursuit of product excellence arose in the discussion of the provision of both goods and services, and this was further applied to tourism related sectors of the industry. Practical input on the subject of developing a British Columbia 'trademark' within the industry received a positive response.

Finally, the question of fitness in the workplace and fitness as a vehicle for improved lifestyle established a potential area for a positive and practical government initiative. Discussion on this subject pointed out the increase in the numbers of participants in upper age groups, and reinforced the perceived correlation between physical activity and a diminishing need for health care.

The following actions would help address the problems identified:

* assist with the establishment of an industry alliance or industry sector association to determine appropriate development options, cooperative marketing strategies, development of a symbol or logo for use in the industry and development of quality control standards,

* through the Ministry of Industry and Small Business Development, to provide Provincial consulting assistance in the following areas:

    - aid in establishing effective industry communication vehicles,

    - assist in identifying appropriate markets on and off-shore,

    - assist in co-ordinating planning with related sectors in the Leisure Industry,

- assist in co-ordinating with educational institutions appropriate training and retraining programs to help meet the demand for labour

* to extend existing Ministry of Industry and Small Business Development programs to assist the industry association in developing such items as:

  - training owner/operators in upgrading management and marketing techniques,

  - upgrading financial management skills of owner/operators,

  - assisting in long-term planning programs with the industry sectors for such items as manpower planning, marketing, product development,

  - providing financial incentives for trade missions and market and product research and development.

* to extend existing Ministry of Industry and Small Business Development programs for financial assistance, to firms in the leisure industry with particular reference to:

  - planning,
  - infrastructure and land assembly,
  - capital grants for fixed assets,
  - low interest loans,
  - loan guarantees or credit insurance,
  - investment insurance,
  - equity participation,
  - operating subsidies (tax relief).

* to encourage Provincial Sport Governing Bodies and other non-profit associations to provide a forum for direct involvement of private sector entrepreneurs.

CONCLUSION

It is clear that the production of leisure goods and services has a significant impact on the economy of British Columbia. The $5.6B in purchased goods and services represents 12% of the provincial gross domestic product in 1981. This percentage can be expected to increase as other portions of the British Columbia economy decline in importance and the tertiary sector becomes increasingly important.

At the same time, the manufacture of leisure goods totalling $700m is considerably less than the goods consumed and as such represents a significant leakage from the province. British Columbia's reputation, together with its resident and tourist markets indicates that there is potential to decrease this leakage by increasing the level of in-province manufacturing, expanding existing markets, and creating new markets.

The provincial government, through its strong association with the public recreation sector, voluntary organizations and its own public contact and marketing programs, has played a role in creating and increasing the market for leisure goods and services. As the potential market expands, there is a strong argument to support further government involvement in the leisure industries which would resulting in economic benefits to the province.

APPENDIX A - DEFINITIONS

Some definitions of the leisure industry are necessary:

Leisure Industry

That broad spectrum of business, be it public sector or private sector, which provides goods and services (including tourism) used by persons during their leisure time.

Leisure Time

That portion of the day/week, etc. which is free of work and available for the individuals discretionary use.

Recreation

Those activities (passive or active) which one finds meaningful, be it exercise, education, or crafts; the re-creating of one's self.

Tourism

Organized or unorganized touring, be it for hours, days, etc. to seek out the things and services which one finds meaningful. In short, tourism can be simply defined as discretionary travel by individuals and families.

In summary, leisure is the use made of discretionary time; recreation is the pursuit of meaningful activities during leisure time and tourism is recreation which includes a travel component. The supply of goods and services to meet the expectations of individual pursuits is met by the leisure industry.

APPENDIX B - SELECTED STATISTICS

TABLE 1
ESTIMATED VALUE OF RECREATION EXPENDITURES
(1978/1981)

Category	British Columbia Avg. Family Expend. ($)	British Columbia Est. Total Expend. ($ million)
Food in Eating Places	559.00	490.5
Food Purchased For Trip	26.30	23.1
Accommodation While on Trip	106.70	93.6
Vacation Homes	28.10	24.7
Recreation-Related Transportation	636.00	558.0
Garden Supplies	39.00	34.2
Active Sportswear	58.10	51.0
Tobacco Products (Smokers Supplies)	206.20	180.9
Alcoholic Beverages	350.90	307.9
Admission to Movies	29.80	26.1
Admission to Plays, Concerts, etc.	13.50	11.8
Admission to Spectator Sports	14.20	12.5
Admission to Other Events (e.g. Museum)	16.80	14.7
Recreation Fees, Licences, Dues	76.60	67.2
Home Recreation Equipment	180.20	158.1
Outdoor Recreation Equipment	521.60	457.7
Home Entertainment Equipment	246.10	215.9
Reading	100.50	88.2
Lottery/Raffle Tickets	67.10	58.0
	3,276.70	2,875.0

Notes: Statistics Canada - 1978 Urban Expenditure Survey
- 1981 Census

TABLE 2

A PROFILE OF THE RETAIL TRADE COMPONENT OF THE BRITISH COLUMBIA RECREATION PRODUCTS INDUSTRY, 1981

Type of Business	Stat. Can. Classes Included	Number of Employees Full Time	Number of Employees Part Time	Value of Receipts
Television, Radio & HI-Fi Stores	676 (part)	1011	334	$154,194,210
Book & Stationary Stores	691	960	995	115,494,460
Florists Shops	692	910	900	43,007,860
Jewellery Stores	694	1515	1225	202,264,980
Liquor, Wine & Beer Stores	696	1072	1283	792,157,500
Sporting Goods Stores	699	1494	1266	227,649,540
Boats, Outboard Motors & Accessories Dealers	699 (part)	145	42	30,327,660
Bicycle Shops	699 (part)	104	83	13,066,416
Camera & Photo Supply Shops	699 (part)	394	208	51,041,583
Piano & Organ Stores	699 (part)	83	21	16,686,540
Music Stores	699 (part)	434	228	58,629,600
Toy & Hobby Shops	699 (part)	249	477	38,632,704
Record Bars	699 (part)	166	145	33,699,864
Mobile Home & Trailer Dealers	699 (part)	1307	187	331,057,050
Art Galleries & Artist Supply Stores	699 (part)	311	125	368,475,520
Lawn & Garden Supply Stores	699 (part)	353	291	35,553,600
Coin & Stamp Dealers	699 (part)	4	1	2,781,092
TOTAL		10,512	7811	2,564,718,600

Source: Statistics Canada (1981) Catalogue 92-925

TABLE 3

A PROFILE OF THE LEISURE SERVICES COMPONENT OF THE BRITISH COLUMBIA RECREATION PRODUCTS INDUSTRY, 1981

Type of Business	Stat. Can. Classes Included		Number of Employees Full Time	Number of Employees Part Time	Value of Receipts
Motion Picture Theatres	841		338	1072	$57,025,584
Bowling Alleys & Billias Parl.	843		266	429	19,764,597
Coin Op. Amusement Facilities	849	(part)	106	26	6,983,143
Ski Facility Operators	849	(part)	132	785	20,280,401
Misc. Amusement & Rec. Serv.	849	(part)	44	62	1,784,510
Full Year Hotels	881	(part)	19,248	8,328	893,932,130
Seasonal Hotels	881	(part)	495	961	26,967,127
Motels	881	(part)	2,708	1,805	148,586,560
Tourist Cabins & Courts	881	(part)	1,805	233	175,866,700
Guest Houses & Tourist Homes	881	(part)	N/A	N/A	N/A
Camping Grounds & Trailer Parks	884		433	987	32,093,763
Restaurant & Lounges Licensed	886	(part)	21,732	17,868	1,080,989,300
Restaurants, Non-licensed	885	(part)	9,694	9,441	508,545,970
Drive-in Rest. & Take-out Food Shops	886	(part)	2,028	3,041	157,331,020
Social Caterers	886	(part)	128	444	8,621,669
TOTAL			59,157	45,482	3,138,772,100

Source: Statistics Canada (1981) Catalogue 92-925